US Travel and Tourism Advisory Board

November 20, 2015
The Honorable Penny Pritzker
Secretary
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Secretary Pritzker:

On behalf of the United States Travel and Tourism Advisory Board, we respectfully submit this letter containing recommendations from the Cultural and Natural Heritage Subcommittee.

Bureau of Economic Analysis Shows Growth in Arts & Culture Sector

In January 2015, the Bureau of Economic Analysis (BEA) at the Commerce Department announced that all arts and cultural production (ACP) industries' contribution to gross domestic product (GDP) increased 3.8 percent, or $25.8 billion in 2012. Value added for ACP accounted for 4.3 percent, or $698.7 billion, of GDP. The size of this sector is larger than Transportation & Warehousing (2.9%), Agriculture, Forestry, Fishing and Hunting (1.2%) and Travel & Tourism (2.6%).

Your remarks in the announcement recognized that "the Department of Commerce is providing a more detailed picture of what drives the U.S. economy, growth, and job creation." The recommendations included in this letter seek to leverage this economic strength of the arts and culture to help reach the President's goal of 100 million international visitors by 2021. Additionally, our board is currently developing a recommendation for the establishment of a domestic travel goal and a strategy to sustain and grow domestic travel and we believe arts and culture should be an integral part of that strategy.

The Tourism Market and the Cultural Product

America's arts, culture, and natural heritage destinations are unusual in that they are very often nonprofit or government entities and, therefore, depend on a mix of public and private sector investment. The typical nonprofit arts organization in the U.S. derives approximately 60 percent of its revenue from ticket sales and sponsorships, 30 percent from private sector contributions (individuals, foundations, and corporations—in that order), and 10 percent government (federal, state, and local). Predictably, national and state parks have a much higher reliance on government. Because federal and state government support is so significant, even small fluctuations in contributed revenue can mean painful adjustments for many of these entities.

Federal Funding for Cultural Content – NEA, NEH, IMLS

The BEA data paint a dramatic picture of the growth and strength of the entire arts sector in America. The not-for-profit piece of this sector, containing a nationwide treasure trove of authentic experiences in both rural and urban areas, has expanded to some 100,000 cultural organizations over the last half century. However, the not-for-profit arts sector is undercapitalized and at risk.

We recommend you use the substantial influence of your office, through your leadership of the Tourism Policy Council and through direct communications with the Office of Management & Budget, to champion increased funding levels for the programs supporting the unique destination content that visitors travel to America to enjoy. These funding sources include the programs of the National Endowment for the Arts, the National Endowment for the Humanities, and the Office of Museum Services within the Institute of Museum and Library Services. We recommend that the NEA and NEH be funded at $160 million (currently at $146 million) and the Office of Museum Services at $38 million (currently at $30 million).[1] We also recommend that you champion strengthened community development efforts utilizing the arts and the humanities such as the U.S. Housing & Urban Development's Community Development Block Grant program and the U.S. Agriculture Department's Rural Development Program.

The federal cultural agencies in particular could be very potent partners to support content and demand initiatives. Some specific ideas are:

- Through partnerships between Commerce, HUD, USDA, Forest Service, SBA and the NEA, support place-based economic development strategies that leverage local cultural assets, especially in rural and isolated communities such as Colonias communities along the U.S.-Mexican border and communities in Appalachia and the Mississippi River Delta region that are experiencing chronic job and population losses and/or economic decline. This support would align directly with the National Travel & Tourism Strategy recommending coordination across the federal government to help "tell an authentic American story."

- Brand USA, in its National Park Service marketing campaign, could feature the arts projects funded through the *Imagine Your Parks* grant program. Another set of cultural destinations to highlight could be based on the projects recognized in the Save America's Treasures program.

- The Commerce Department could increase cultural tourism research through the National Travel & Tourism Office including an updated cultural tourism economic impact study and tourist profiles designed specifically to assist rural communities attract more cultural heritage tourism and to assist the U.S. in attracting more international visitors beyond gateway cities. This can be done in coordination with the U.S. Travel Association and other tourism research users.

- With many of our most authentic and cherished tourism destinations depending on a complex mosaic of funding sources, we think a better understanding—and more rigorous tracking—of their revenue picture will provide an "early warning system" on their health, vitality, and sustainability. For example, what is the status of federal, state, and local government cultural tourism investment? The Commerce Department could create a data-driven dashboard that would provide an early warning when public and private resources are weakened. The tracking of

[1] The Administration requested $160 million for each the NEA and NEH previously, and Senate appropriators have also indicated support at that level. The Office of Museum Services was authorized by Congress, and President Obama at the $38 million level.

resource data directly connects to the other TTAB work. For example, when Brand USA markets a cultural destination, it is imperative that we be able deliver on our marketing promise and have that cultural destination be fully operational. This also benefits the stakeholders, providing content to effectively allow support for public sector funding of tourism.

- In addition to the Cultural & Natural Heritage Subcommittee, the above recommendation was developed in coordination with the Research Subcommittee in an effort to gather federal and private research sources such as the Bureau of Economic Analysis Arts & Cultural Production Satellite Account, SIAT data, and pulling NAICS and NTEE data from the Americans for the Arts' National Arts Index. Further details are included in the Subcommittee's companion recommendation letter.

- Engage the federal cultural agencies, the National Park Service and Forest Service in an interagency discussion on the use and development of social media tools to tell the stories (interpretation) of landscapes, collections, places, buildings, events, etc. that engage 18-30 year olds in order to nurture new audiences and develop appreciation of our cultural assets. This recommendation is aligned with the National Travel and Tourism Strategy's suggestion to "expand the use of new technology and new media to provide customized visitor information for different cultures, ages, languages and interests…"

Further Implementation of the National Travel and Tourism Strategy

The Board recognizes the value of the broad cross-cutting positions articulated in the National Travel and Tourism Strategy completed in 2012. Efforts should continue, and expand the following recommendations excerpted directly from the Strategy here. They need to specifically involve the arts and humanities:

- ***Conduct outreach with public and private partners.*** *Hold a summit on travel and tourism, and an annual travel and tourism event to foster communication among Federal agencies and leaders of state travel offices, destination management organizations, and trade associations.*

- ***Promote regional tourism.*** *Develop community-based tourism collaborations in key strategic destination markets, especially those with scenic byways, coastal resources, national scenic and historic trails, wild and scenic rivers, and other natural and cultural attractions. Partner with local communities and engage with tribes to promote tourism and provide cultural experiences where welcomed and in a manner sensitive to cultural traditions and beneficial to the communities visited.*

- ***Partner with state, local, tribal, and territorial governments****. Join non-Federal tourism authorities in place-based and activity-based promotional campaigns. Provide grants and technical assistance to qualified public sector entities to support their efforts to attract and serve additional visitors.*

The Cultural & Natural Heritage Subcommittee gathered feedback from various stakeholders that confirmed the national network of 5,000 local, state, and regional arts agencies are very interested in participating in the meetings recommended in the National Travel & Tourism Strategy.

Explore Capitals of Culture Initiative

Finally, we recommend that the National Travel & Tourism Office explore the concept of an annual designation of two American cities (a large size and small size city) as the year's cultural capitals. This concept, modeled on the successful "European Capitals of Culture" initiative, is designed to highlight the richness and diversity of cultures, celebrate the contributions and arts and culture of the specific cities and raise and enhance tourism opportunities. National organizations for local and state government (such as the U.S. Conference of Mayors and National Lt. Governors Association) have expressed interest in similar nationwide destination-building cultural projects and would be eager to participate in this plan.

We thank you for the continued opportunity to serve as members of the U.S. Travel and Tourism Advisory Board and look forward to our continued work together.

Respectfully submitted,

Sam Gilliland
Chair

John Sprouls
Vice Chair

Jerry Jacobs Jr
Co-Chair, Cultural and Natural Heritage Subcommittee

Robert Lynch
Co-Chair, Cultural and Natural Heritage Subcommittee

US Travel and Tourism Advisory Board

November 23, 2015

The Honorable Penny Pritzker
Secretary
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Dear Secretary Pritzker:

On behalf of the United States Travel and Tourism Advisory Board, we respectfully submit this letter. We have been working to formulate relevant, measurable, and attainable goals to support the efforts of the Department of Commerce and advance President Barack Obama's National Travel & Tourism Strategy. This particular recommendation is aimed at stimulating domestic travel, including leisure travel and business travel, such as for meetings and conventions, and has been the subject of much discussion by the full board. As the discussions have evolved, so too has this letter.

The charter of the U.S. Department of Commerce Travel and Tourism Advisory Board states that the board shall "advise the Secretary on matters relating to the U.S. travel and tourism industry." Since its founding, the board has focused the majority of its attention on the important issue of attracting international visitation to the United States. Indeed, the charter was created in response to the decline in international visitors that occurred in the aftermath of the tragic events of September 11, 2001. Hence, the members of the first board created a series of recommendations entitled "Restoring America's Travel Brand: The National Strategy to Compete for International Visitors." These recommendations have had a profound and positive impact on the United States' travel and tourism economy.

However, as is stated in the National Travel and Tourism Strategy, "We will also encourage Americans to travel within the United States and its territories to see all that our country has to offer." This second goal of the Strategy has been a priority for Travel and Tourism Advisory Boards as well as demonstrated by a recommendation to Secretary Kerry dated June 10, 2013 which stated: "We must elevate this second goal of encouraging more Americans to travel. We call upon the Tourism Policy Council with the direct involvement and input of the Travel and Tourism Advisory Board to set forth at least one specific and measurable goal that all of us, the public and private sector can use together to encourage Americans to travel throughout the U.S."

Accordingly, our recommendation is to build and implement a sustainable campaign aimed at driving significant increases in domestic tourism across all 50 states, U.S. territories, and the District of Columbia. Recognizing the positive economic impact of developing a robust domestic

tourism industry, the U.S. Travel and Tourism Advisory Board recommends that the Secretary of Commerce, as the head of the National Tourism Policy Council, lead a collaborative inter-agency initiative for advancing this mission. A successful domestic tourism program will require strong inter-agency collaboration, as well as direct engagement with private sector stakeholders, industry associations, and thought leaders.

With job creation and economic growth at the top of the Administration's agenda, we note that domestic spending on travel within the United States in 2013 was more than $706 billion, the most recent figure available. Total tourism-related employment in the U.S. supported 7.9 million jobs in 2014. In turn, U.S. residents spent more than $146 billion abroad in 2014 on travel and tourism-related goods and services.

Linked to our key recommendation are specific strategies outlined below. They include:

1. **Establish a domestic tourism dashboard, and aggregate and facilitate data to ensure continual progress on the domestic tourism conversation**. This includes transmitting, celebrating and promoting data throughout the United States. It is broadly recognized that we can't manage or change what we don't measure. A domestic tourism dashboard would give us a tool and a mechanism to measure metrics such as direct, indirect, and induced economic impacts, and compilations of industry data from both the public and private sectors, including federal, tribal and state agencies involved in tourism. It would also provide a framework to make the data available to those who need it. Additionally, a domestic tourism dashboard would serve to inform risk and resource allocation to help ensure the rapid pace of growth in domestic travel and tourism does not compromise the integrity of the very characteristics that prompt Americans to visit more of America and draw visitors to America — its unique environmental and cultural attributes.

   While there is no shortage of sources of relevant data, there is a shortage of aggregated and accessible data. States and tourism agencies measure domestic tourism economics, and other countries utilize sophisticated measurements to monitor their important domestic tourism market. For example, New York reported in 2012 that U.S. domestic markets supplied 70 percent ($40 billion) of the state's traveler spending base. In 2013, California reported 227.2 million domestic person-trips, of which 184.2 million were taken for leisure. Australia derives 76 percent of total tourism revenue from domestic travelers, and this market is of such importance to its economy that Tourism Research Australia established a metrics-driven approach called the Total Domestic Economic Value (TDEV).

   In addition to state and federal sources, we recommend requesting that a third party, such as the U.S. Travel Association, collect available data from local convention and visitor bureaus, state tourism offices, tribal welcome centers, economic development agencies and chambers of commerce, U.S. Travel Association, the International Air Transport Association (IATA), the World Travel and Tourism Council (WTTC), online booking sites and travel agents, industry trade groups, and other key partners.

2. **Create the first-ever Domestic Tourism Summit.** A national roundtable would be the foundation for the conversation between private sector, industry, and Tourism Policy Council members regarding the benefits of domestic travel, as well as the economic, social, and environmental indicators that should be measured. The roundtable meeting would be funded through private enterprise, and would allow the Department of Commerce to have a forum to understand the importance of domestic tourism and engage on the topic at a significant leadership level. <u>We appreciate that similar travel roundtables may already take place in the U.S., and as an alternative we first recommend adding "domestic travel" as an agenda item to an existing forum, if it is feasible. Such an alternative could lead to the dedicated roundtable in the future.</u>

3. **Promote the multiple economic, social, and multi-cultural benefits of domestic travel and tourism—with included focus on diverse populations—to communities to attract visitors, and to our citizens through the National Travel and Tourism Office**. We recommend capturing and marketing the sentiment that travel and tourism can drive a healthy environment and economic, social, and cultural well-being. Taking vacations, spending more time outdoors, and exploring our federal recreation areas enhances health and wellness, strengthens family bonds, increases performance and fulfillment at work, and improves academic performance, all while driving economic value and the protection of our natural and cultural heritage attractions.

4. **Bring to light the importance of minority and cultural sectors in domestic tourism.** The U.S. Census Bureau projects that the overall minority population will rise to 56 percent of the total population in 2060, and aggregates data for Hispanic, Black/African American, American Indian/Alaskan Native, Asian, and Native Hawaiian/Pacific Islander populations. Despite projections of growth for each of these populations, there exists little data on their travel and tourism preferences. The significance of these markets should not be underestimated; the Census Bureau reports that Hispanics will make up nearly 29 percent of the population by 2060, and Nielsen reports that they currently have $1.4 trillion in spending power. We recommend that the National Travel and Tourism Office work with a third party partner, such as the U.S. Travel Association, to engage in data collection, tourism research, and marketing efforts that are specific to diverse populations in the U.S. Specifically, we recommend that the Department of Commerce work with federal agencies to develop verified data, from federal sources, relating to different sectors of visitors' experiences, including visits to tribal lands. Finally, all of these efforts should take into account the diversity of travelling tastes, party size and makeup, and culturally relevant activities.

We believe the recommendation and strategies contained within this document are achievable and would serve to enhance and grow the travel and tourism industry in the United States. Most importantly, they are immediately actionable. Additional information regarding proposed messaging is presented in the attached Addendum.

We thank you for the continued opportunity to serve as members of the U.S. Travel and Tourism Advisory Board, and we look forward to our continued work together.

Respectfully submitted,

Sam Gilliland
Chair

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Addendum

- **Arts strengthen the economy.** In January 2015, the U.S. Bureau of Economic Analysis reported that the arts and culture sector is a $699 billion industry in the U.S., which represents 4.3 percent of the nation's GDP—a larger share of the economy than tourism and transportation. (Note that this includes a range of arts sectors such as fine arts, museums, film, publishing, and architecture.) [Arts & Cultural Production Satellite Account, Department of Commerce, 2015]
- **National parks drive tourism and are also a significant job supporter**. National park visitors contributed $26.5 billion to the nation's economy and supported almost 240,000 jobs in 2013, according to a peer-reviewed report released by National Park Service.
- **Arts drive tourism, which helps to drive the protection of our cultural heritage.** Arts travelers are ideal tourists, staying longer and spending more to seek out authentic cultural experiences. The U.S. Department of Commerce reports that the percentage of international travelers including museum visits on their trip has grown steadily since 2003 (18 to 28 percent). The share attending concerts and theater performances has grown from 14 to 18 percent since 2003.
- **National Parks help drive the preservation of our natural heritage.** A total of 292.8 million NPS recreation visits to our National Parks were reported in the 2014 NPS Statistical Abstract. This resulted in expenditures of $978.2 on NPS lodging and camp grounds alone, the proceeds of which help support the NPS' mandate to preserve and protect our National Parks.
- **American Indians enrich and expand the American cultural heritage landscape.** There is currently not a measurement system in place to gauge the impact of domestic travel and tourism in Indian Country. However, overseas visitors to Indian Country typically stay longer, are more likely to be here for a leisure trip, visit more destinations, and use more types of domestic transportation options than other overseas travelers to the U.S.

US Travel and Tourism Advisory Board

The Honorable Penny Pritzker
Secretary
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, DC 20230

Dear Secretary Pritzker:

On behalf of the United States Travel and Tourism Advisory Board (TTAB), we are writing to offer recommendations designed to drive us ever closer to the President's goal of welcoming 100 million international visitors to the United States by the end of 2021. With your steadfast efforts to shepherd the work of and among the Tourism Policy Council, the TTAB and Brand USA, more has been done over the past few years to advance the U.S. as a tourism destination than in the previous two decades, and never with such coordinated public-private partnerships.

As a result, the previous TTAB submitted a top priority recommendation asking that you direct this board to review the vetting process for matching fund requests submitted by Brand USA as called for in the Travel Promotion Act of 2009 and to provide you with recommended enhancements. That board believed then, as we do now, that the success attained to date is a result of the tireless professionalism of the Commerce staff engaged in the vetting process, wedded to the marketing prowess and expertise of Brand USA. Further, an opportunity exists for Brand USA, the Department of Commerce and other Federal agencies to garner greater efficiencies through a set of strategic refinements to the matching funds vetting process.

Therefore, we respectfully submit these recommendations with the intent of accomplishing the following key objectives:

1. *To optimize operational efficiencies for both the U.S. Government and Brand USA in order to maximize funds available for marketing, promotion and research.*
2. *To improve the timeliness and predictability of cash flow for Brand USA.*
3. *To enable all levels and types of partnerships envisioned with the passage of the Travel Promotion Act.*

RECOMMENDATIONS REGARDING PROCESS FOR SUBMITTING, REVIEWING AND VETTING MATCHING FUND REQUESTS

The Travel Promotion Act of 2009 (TPA) establishes a fund within the Department of Treasury called the "Travel Promotion Fund" and empowers the Secretary to transfer $100,000,000 into the Fund to be available to Brand USA, subject to the restrictions of the matching requirements contained in the Act. The Act further empowers the Secretary to make transfers from the Fund to Brand USA, "…at least quarterly on the basis of estimates by the Secretary, and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess or less than the amounts required to be transferred."[2] In addition, Commerce, the Department of the Treasury and Brand USA signed a Memorandum of Understanding containing agreed upon policies and procedures wherein submissions for Federal matching funds would be processed and funds dispersed within 45 days.

However, some other Federal laws (e.g. the Anti-Deficiency Act) create challenges to the full implementation of this portion of the TPA, specifically that the 70/30 in-kind to cash ratio required in the TPA must be constantly maintained with each and every matching fund submission and that the matching fund requests submitted by Brand USA must have documented attestation in advance of matching funds being released. Subsequently, it has been the interpretation of the Department of Commerce's legal counsel that the legal authority does not exist to exercise the Secretary's ability to transfer funds based upon estimates. As it would streamline Brand USA's ability to implement global marketing programs with scheduled transfers of funds, enhancing the predictability of cash flow for Brand USA is imperative.

> **Recommendation:** With the passage of the Travel Promotion, Enhancement, and Modernization Act of 2014, we recommend that the Secretary request a review of previous legal interpretations regarding the authorization of the transfer of funds from the Travel Promotion Fund to Brand USA on the basis of estimated matching fund submissions and the current Memorandum of Understanding among the Department of the Treasury, the Department of Commerce and Brand USA to determine if the authority for making such transfers now exists.

The Travel Promotion Act is silent on the procedures for determining the fair market value of the projects submitted by Brand USA when requesting matching funds from the U.S. Government, so a process has been developed and implemented by the Department of Commerce and Brand USA that requires both parties to attest to the valuation of each element of every matching fund submission. Commerce's internal process is estimated to involve 14 staff – managers, accountants, lawyers, executives and others - investing approximately 1000 hours in FY15 reviewing requests from Brand USA. In addition, the current matching fund submission procedures also requires Brand USA to hire third party vendors to attest to the fair market value of various in-kind contributions (at an estimated annual cost of $500,000) before requests are submitted. However, the Travel Promotion, Enhancement, and Modernization Act of 2014 requires the Secretary to appoint members to the Brand USA Board of Directors who possess professional experience and acumen involving corporate finance and audit functions. This new requirement on both the Secretary and the Brand USA Board of Directors increases governance and creates the opportunity to revisit current policies, which are proving burdensome and inefficient and creating unpredictability in cash flow.

> **Recommendation:** In light of the increased governance requirements placed upon the Department of Commerce and the members of the Brand USA Board of Directors, we recommend that the attestation of fair market value of the elements of each matching fund submission remain the responsibility of Brand USA and that the Department of Commerce implement a system of random checks/audits throughout the year. We further recommend that Brand USA develop an internal review and approval process for matching fund submissions that meets the standards of review agreed upon with the Department of Commerce and adopted by the Brand USA Board of Directors.

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[2] PL 111-145 Sec. 9(d)(2)(B)

By instituting these recommendations, the Department of Commerce and Brand USA can consistently meet the agreed upon 45-day timeline for funds disbursement and gain greater certainty over cash flow/timing.

RECOMMENDATIONS REGARDING POLICY GOVERNING MATCHING FUND REQUESTS

Cash

The Travel Promotion Act of 2009 and the Travel Promotion, Enhancement, and Modernization Act of 2014 reference "money" in only one place - "(B) Goods and Services – For the purpose of determining the amount received from non-Federal sources by the Corporation, ***other than money-"*** (emphasis added)[3] - and the statement specifically excludes it from the conditions set forth in the section of the law. In addition, every time the word "contribution" is used in either the Travel Promotion Act of 2009 or the Travel Promotion, Enhancement, and Modernization Act of 2014, it is always in conjunction with word "in-kind."

At present however, the U.S. Government has interpreted "contributed" to mean "donated" – even in terms of cash. Therefore, in order to be eligible for Federal matching funds, the current policies governing matching funds submissions state that cash can only be provided by a partner to Brand USA via a Letter of Agreement (LOA) or paid as a sponsorship in which the payor receives only acknowledgment or other benefits of minimal value. As a result, cash contributions cannot be tied to a specific promotional activity – only non-binding and broad outlines may be stated in the LOA – and the marketing departments of Brand USA's industry partners find it difficult, if not impossible, to tie those investments to a demonstrable ROI. Further, some government organizations responsible for marketing destinations (e.g. state tourism offices) are prohibited from making "donations," and cannot sign the aforementioned LOA. In fact, at a recent meeting of the National Council of State Tourism Directors, a dozen state tourism directors in attendance said they were advised by their legal counsel against signing such a non-binding LOA. This serves as a disincentive to the very partnerships the Travel Promotion Act was designed to encourage.

The Internal Revenue Service itself primarily references contributions as either contributions to a retirement fund, other deferred investment or as contributions to charity. Per the IRS's Publication 526[4], a charitable contribution is a "donation or gift to, or for the use of, a qualified organization. It is voluntary and is made without getting, or expecting to get, anything of equal value." They further define "Qualified organizations" as including "nonprofit groups that are religious, charitable, educational, scientific, or literary in purpose, or that work to prevent cruelty to children or animals." In addition, Black's Law Dictionary defines contribution more expansively as, "The sharing of a loss or payment among several. The act of any one or several of a number of co-debtors, co-sureties, etc., in reimbursing one of their number who has paid the whole debt or suffered the whole liability, each to the extent of his proportionate share."[5] This definition recognizes that "contributions" can be and are legally made among and between parties in situations devoid of charitable conditions, making the condition that contributions to Brand USA must be made as a "gift" or "…without getting, or expecting to get, anything of equal value" debatable.

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[3] PL 111-145 Sec. 9(d)(3)(B)

[4] Department of the Treasury, Internal Revenue Service, Publication 526, *Charitable Contributions*, Cat. No. 15050A

[5] Canosia Tp. v. Grand Lake Tp., SO Minn. 357, S3 N. W. 340; Dysart v. Crow, 170 Mo. 275, 70 S. W. 0S9; Aspinwall v. Sacchi. 57 N. Y. 330; Vandiver v. Pollak, 107 Ala. 547, 19 South. 180; 54 Am. St. Rep. 11S

In summary, funds from non-Federal sources to Brand USA are not held to the charitable contribution standard but are nonetheless interpreted in a way that inhibits the ability to track results, act as a steward of public and private dollars and engage the partners necessary to promote all 50 states, 5 territories, and the District of Columbia and rural and urban areas.

> **Recommendation:** Amend current policy and recognize cash as a commitment to Brand USA from non-Federal sources, eligible for federal matching funds and able to be tied to specific programs and deliverables of clear and demonstrable contribution to Brand USA and benefits to both the nation and the partner, or amend the current LOA to enable partners of Brand USA to identify specific elements of Brand USA's business plan and details regarding their and the respective partners deployment of those same elements. Brand USA's business plan, including goals, objectives and tactics, is adopted by the Brand USA Board of Directors (who are all appointed by the Secretary) and reviewed by the Secretary prior to implementation.

Co-op Treatment of In-kind Media

The Travel Promotion Act of 2009 and the Travel Promotion, Enhancement, and Modernization Act of 2014 are silent on the valuation of contributed in-kind media. It is the position of the Department of Commerce that current law and the current policies governing matching fund submissions allow contributed in-kind media to either contain Brand USA's brand message exclusively, or to be cooperatively co-branded with U.S. travel and tourism industry businesses, organizations and destinations and receive 100% of the value of the contributed media in those circumstances where Brand USA manages the content of the contributed media space (not circumstances where their logo is placed on a partners advertisement). For example, if Brand USA receives $100,000 in contributed media space from the London Times and elects to co-op the contributed media with Lee County, Florida (see attached example at the conclusion of letter), Brand USA would still be entitled to 100% of the value of the contributed media deployed in the marketing effort because Brand USA managed the content of the contributed media space. This is critically important, because when global companies (e.g., Thomas Cook, BBC) provide Brand USA with in-kind assets that could, in turn, be deployed as cooperative opportunities with U.S. travel and tourism industry partners, the result is Brand USA being more successful in its ability to represent and add value to all 50 states, the District of Columbia, and the territories – a key tenet of the Travel Promotion Act.[6]

> **Recommendation:** The purpose of this specific recommendation is to clarify and affirm current policy to the benefit of all parties. Therefore, our recommendation is to continue the requirement that Brand USA submit documentation attesting to the value of the contributed in-kind media and maintain the policy that Brand USA may then deploy the contributed in-kind media in a manner consistent with their adopted business plan.

Determination of Fair Market Value for Media Space

Under current policies, Brand USA must retain a firm experienced in the field of media auditing to determine the fair market value of in-kind contribution of advertising media space wherever invoice support is unavailable. However, when media is being contributed, not purchased, a standard industry practice to determine the value of the contributed media space is to use that media outlet's published rate card. Published rates take into account reach, frequency, seasonality, size, position and other relevant information pertaining to fair market value. Brand USA spends between $400,000 and $500,000 annually to administer its obligations under the matching funds process. Adopting the recommendation will strengthen governance as it replaces the use of a firm to estimate fair market value of contributed media space, with published rate cards that provide standardized and transparent valuations of the same media space.

[6] PL 111-145-MAR.4, 2010; SEC. 9 (b)(5)(A)(iv)

Recommendation: Amend the current policies and guidelines to allow a media outlet's published rate card to establish the fair market value of in-kind contributed media space.

Thank you for the opportunity to provide our observations and recommendations on maximizing the efficiency of the process for submitting, reviewing and vetting the matching fund requests from Brand USA to the Department of Commerce. It is a system that has been functioning well, thanks to the professionalism and dedication of the Department of Commerce and Brand USA staff and leadership. Therefore, our goal is to maintain the standards of good governance as we identify places where we can gain efficiency and effectiveness. This is an issue that is important to all sectors of the travel and tourism industry as we seek to amplify the public-private partnership afforded the industry through the passage of the Travel Promotion Act and attain the goals contained in the National Travel and Tourism Strategy.

We have come far in raising awareness of the important role travel and tourism plays in growing travel exports and generating employment. Yet, we remain unwilling to rest on our laurels. There's still much to be done to build momentum for the American economy and create good jobs for Americans. We look forward to moving ahead together with you.

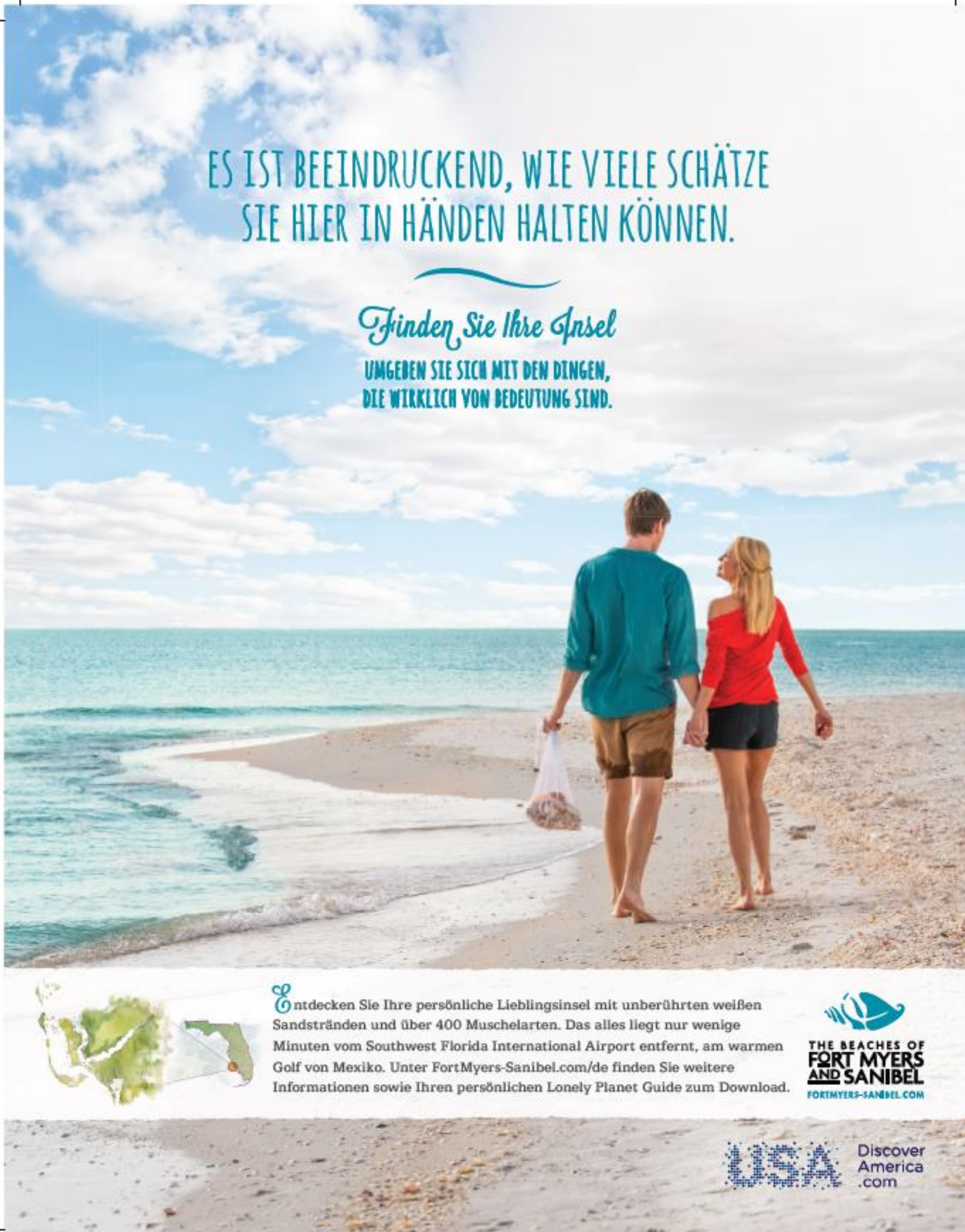
Sincerely,

Sam Gilliland
Chair

John Sprouls
Vice Chair

Todd Davidson
Co-Chair, BrandUSA Subcommittee

Barney Harford
Co-Chair, BrandUSA Subcommittee


ES IST BEEINDRUCKEND, WIE VIELE SCHÄTZE
SIE HIER IN HÄNDEN HALTEN KÖNNEN.
Finden Sie Ihre Insel
UMGEBEN SIE SICH MIT DEN DINGEN,
DIE WIRKLICH VON BEDEUTUNG SIND.
Entdecken Sie Ihre persönliche Lieblingsinsel mit unberührten weißen Sandstränden und über 400 Muschelarten. Das alles liegt nur wenige Minuten vom Southwest Florida International Airport entfernt, am warmen Golf von Mexiko. Unter FortMyers-Sanibel.com/de finden Sie weitere Informationen sowie Ihren persönlichen Lonely Planet Guide zum Download.
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